

General Information Letter: Information reports for payments of certain rents and royalties, payments under certain contracts for personal services and payments of certain prizes and awards need not be filed with the Department of Revenue, but must be maintained for review by the Department.

August 19, 1999

Dear:

This is in response to your letter dated July 12, 1999 in which you state the following:

As a brokerage firm headquartered in xxxxxxxx, Illinois with a branch office in xxxxxxxxxxxxxxxxxxxxxx, we serve many clients residing in Illinois, xxxxxxxxx and in your state. At present, we are in the process of reviewing states requirements regarding the filing of "Information Returns".

Currently, we furnish the federal government (via magnetic tape) with 1099 tax information regarding dividends, bond interest, gross proceeds, miscellaneous income, royalty trusts and IRA distributions 1099-R and contribution 5498. In order to comply with your states laws, we are requesting information on your reporting requirements and more specifically, those concerning brokerage institutions. Please provide copies of any **laws, statutes or regulations** defining your requirement. If indeed your state requires this reporting, we would like to inquire as to whether you require the information to be provided via magnetic tape or if paper reporting is acceptable.

According to the Department of Revenue ("Department") regulations, the Department may issue only two types of letter rulings: Private Letter Rulings ("PLR") and General Information Letters ("GIL"). For your convenience, we enclose a copy of 2 Ill.Adm.Code §1200 explaining these two types of rulings issued by the Department.

Due to the nature of your inquiry and the information presented in your letter, we are required to respond with a GIL. GILs are designed to provide background information on specific topics. GILs, however, are not binding on the Department.

Prior to August 20, 1995, the Illinois Income Tax Act ("IITA") required informational reporting on Form IL-1096 for the following types of income:

1. Certain rent and royalty payments (IITA Section 1405.1),
2. Certain payments made under contracts for personal services (IITA Section 1405.2), and
3. Certain payments of prizes and awards (IITA Section 1405.3).

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However, Public Act 89-399 eliminated the requirement to file informational returns for the above mentioned types of income. Enclosed please find a copy of the relevant sections of Public Act 89-399 which states that the reporting party is currently required to maintain a record of qualifying payments in a format that is available for review by the Department.

As stated above, this is a general information letter which does not constitute a statement of policy that either applies, interprets or prescribes tax law. It is not binding on the Department. If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of the enclosed copy of Section 1200.110(b).

Sincerely,

Heidi Scott
Staff Attorney -- Income Tax